

## **CC&L GROWTH PORTFOLIO**

### **Interim Management Report of Fund Performance**

**For the Period Ended  
June 30, 2011**

This interim management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can obtain copies of the statements at your request, and at no cost, by calling us directly at 1.800.939.9674, by writing us at 300 University Ave, Suite 300, Toronto, ON, M5H 3M7 or by visiting our website at [www.cclmanagedportfolios.com](http://www.cclmanagedportfolios.com), or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The CC&L Growth Portfolio (the “Portfolio”) seeks to generate long term capital growth. At times fixed income investments are utilized to dampen expected variability. The Portfolio is broadly diversified across different types of equity securities and fixed income securities to reduce risk. Equity securities are employed to provide capital growth while fixed income investments are opportunistically employed to limit overall variability of returns.

To achieve these objectives the manager, Connor, Clark & Lunn Management Portfolios Inc. (“CC&L MPI”), has retained the services of a number of specialized portfolio managers, each with its own specialized area of investment expertise. Each of the following portfolio managers within the Connor, Clark & Lunn Financial Group have been retained to determine asset allocation or to invest the assets allocated to their asset class with full authority and responsibility for security selection:

- Connor, Clark & Lunn Investment Management Ltd. (“CCLIM”): Canadian equities (growth at a reasonable price, known as GARP, and income trusts and dividend paying shares, known as Income & Growth), fixed income (core) and fixed income (high-yield bonds)
- Connor, Clark & Lunn Private Capital Ltd. (“CCLPC”): Asset allocation
- Gyrus Investment Management Ltd. (“Gyrus”): U.S. equities
- New Star Canada Inc. (“Newstar”): Europe, Australia and Far East (“EAFE”) equities
- PCJ Investment Counsel Ltd. (“PCJ”): Canadian equities (small capitalization or “small cap”)
- Scheer, Rowlett & Associates Investment Management Ltd. (“SRA”): Canadian equities (value)

In its capacity as portfolio manager responsible for asset allocation, CCLPC will monitor and periodically rebalance the Portfolio’s underlying investments in order to maintain the strategic target asset allocations and, CCLPC may, in its sole discretion, based in part upon any modeling, testing and asset allocation services, change the strategic target allocations and/or add or remove asset classes in order to meet the objectives of the Portfolio. The Portfolio may also invest in foreign debt or equity, which may or may not be hedged back to the Canadian dollar. While we expect that such foreign investments will not generally exceed approximately 30% of the assets of the Portfolio at the time of investment, the Portfolio may invest up to 49% of its assets in foreign securities if the portfolio managers, in their discretion, so determine. Generally, it is intended that each asset class will be actively managed by the portfolio manager for such class. The Portfolio may also hold an interest in another mutual fund (the “underlying fund”) having portfolio securities of the same asset class and managed by a member of Connor Clark & Lunn Financial Group.

The Portfolio was only established at the beginning of 2006. Until the Portfolio is of sufficient size and/or in order to achieve sufficient diversity in one or more of its asset classes, the Portfolio may invest in units of exchange traded funds (“ETFs”) which constitute “index participation units” under applicable securities rules, as well as exchange traded closed-end investment funds managed by a member of Connor Clark & Lunn Financial Group, in both cases which reflect the particular asset class. CCLPC has established guidelines with respect to the size threshold for an asset class of the Portfolio before active portfolio management in that asset class will occur and with respect to the funds to be used. Details of such guidelines are included in the annual information form of the Portfolio. As of June 30, 2011, the iShares S&P/TSX 60 Index Fund and iShares U.S. High Yield Bond Index Fund were held in the Portfolio.

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### Risk

For the six month period ended June 30, 2011, the risk profile of the Portfolio was managed in accordance with the goals set out in the simplified prospectus. In the view of CC&L MPI, the risks associated with an investment in the Portfolio are adequately described in the simplified prospectus and have not altered as result of subsequent changes in the underlying investments.

### Results of Operations

As of June 30, 2011, the Portfolio held \$19.9 million in total net assets. During the past six-month period, investors in Series A units of the Portfolio experienced a return of -0.9%. The blended benchmark for the portfolio (25% DEX Universe Bond, 40% MSCI World (excluding Canada), 35% S&P/TSX Composite) returned 1.74% over the same period. The performance of Series F, Series O, Series I, Reserve Series, PI Financial and the Arbour Series units will vary due to the differences in their expense structures. For specific returns by series, please refer to the “Past Performance” section of this report.

The Portfolio remains broadly diversified across a number of asset classes. The chart below shows the asset allocation of the portfolio as at the end of June 2011 and December 2010. The changes in the composition of the Portfolio are carefully monitored and managed by the team of investment specialists at CCLPC, to whom the manager has entrusted the responsibility for actively managing asset allocation.

Asset Class	Manager	Asset Allocation (June 30, 2011)	Asset Allocation (Dec. 31, 2010)	Change
Canadian equity (GARP)	CCLIM	17.0%	17.8%	-0.8%
Canadian equity (value)	SRA	17.0%	17.7%	-0.7%
Canadian equity (small cap)	PCJ	7.4%	7.1%	+0.3%
Fixed income (core)	CCLIM	12.5%	23.1%	-10.6%
Fixed income (high-yield bonds)	CCLIM	10.1%	-	+10.1%
U.S. equities	Gyrus	20.5%	19.4%	+1.1%
EAFE equities	Newstar	15.5%	14.7%	+0.8%
Cash		-	0.2%	-0.2%

The individual managers of the various asset classes will have achieved various levels of performance throughout the six months. The impact of their out or underperformance of their policy benchmarks will impact the Portfolio returns as a whole, but because of the active nature of the asset allocation strategy, it is important to note that the magnitude of their performance relative to the Portfolio will vary depending on the asset allocation weight at any point in time.

### Canadian Equities

During the first half of 2011, CCLIM, the large-cap Canadian equity (GARP) manager, underperformed its benchmark, returning -1.0% while the benchmark (S&P/TSX Composite Index) returned 0.2%.

CCLIM feels that macro events set the tone for financial markets during the second quarter. Concerns over supply disruptions out of Japan, monetary policy tightening in China, resurrection of the Greek debt crisis, and rising energy and food prices put investors in a defensive mood for most of the quarter. From its peak in mid-April, the TSX Composite Index had declined by more than 10% as investors reconsidered their enthusiasm for risky assets. A market rally in late June cut that decline in half.

## Management Discussion of Fund Performance

An overweight in technology and underweight in the financials, telecom, and health care sectors through the second quarter all proved to be a drag on performance. Positive security selection in technology and energy was more than offset by weak performance in consumer discretionary, consumer staples, and materials. Mid-cycle market corrections of the magnitude witnessed in the second quarter of 2011 are not unusual but CCLIM is not expecting to see the current slowdown turn into a full-blown recession. The slowdown that we are currently experiencing is similar in magnitude to previous difficult environments and CCLIM expects the economic recovery will re-accelerate during the second half of 2011. From a strategy point of view, the Portfolio's positioning remains largely unchanged. The key themes that CCLIM is focused on are modest but positive economic growth led by emerging economies, business capital spending and M&A activity continuing to build, and companies that can grow their dividends over time.

On the Canadian equity value side, SRA underperformed the broader market for the six month period ending June 30, 2011. The investments returned -0.2%, trailing the benchmark (S&P/TSX Composite Index) which returned 0.2%.

The second quarter of 2011 was challenging for equity markets as fears on several fronts gripped the markets. According to SRA, these challenges included continued debt difficulties amongst debt-laden countries of Europe (namely Greece), the end of the quantitative easing stimulus ("QE2") in the U.S., concerns about the weak U.S. housing and labour markets, and the vulnerability in China's economic growth. All global equity markets except Japan and Germany finished lower during the quarter.

The overweight in energy producers hurt performance as share prices fell in conjunction with oil prices during the quarter. Blackberry maker Research In Motion Limited was a drag on performance as they continue to face a number of challenges. SRA believes these challenges are product specific and that the valuation on the stock remains attractive so they will maintain an overweight position. When fears grip the market, not only are the over-priced stocks hit hard, but the reasonably valued ones are as well. SRA expects volatility to continue as the global economic recovery hits speed bumps along the way, but that volatility does not change the longer term earnings ability of companies. The patience of the broader market will likely be tested as investors focus and react (or overreact) to every bit of financial or political news making headlines. Overall the Portfolio is positioned for an economic recovery because of the longer term values that reside in many of the Portfolio's names in materials and energy, with diversification and dividend support through overweight positions in banks, consumer discretionary, and telecom sectors.

Canadian equity small-cap managers PCJ were challenged in June as a difficult quarter for equities came to a close. A nearly 6% retreat for Canadian small cap equities during June alone capped off an 8% decline for the second quarter and an almost 5% decline year-to-date. The continuation of negative macroeconomic factors led to the decline, in particular, the continued weakness in the U.S. employment picture and the relative weakness of Chinese GDP growth. Underlying these trends, metal prices, oil prices, and agricultural products declined in June largely due to the impact of the potential slowdown in global economic growth. Add in the uncertainty surrounding the end of QE2 in the U.S. and market participants were clearly signalling their bearish view towards equities. Small caps underperformed large caps during the quarter as relatively higher risk assets tend to underperform during falling markets.

Stock selection in the materials sector was the prime detractor from added-value. Specifically, stocks with gold, silver, and precious metals exposure were the hardest hit during the second quarter. On the positive side, security selection in the information technology sector added value to performance. The range of returns within the portfolio and benchmark continues to be very wide, allowing for stock selection gains albeit with

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increased volatility. Despite the market pullback, PCJ is still confident that small caps represent excellent potential. While some investor pessimism is warranted given the tepid macro environment, equity valuations continue to be very attractive. Working through this soft period will require some patience but there is considerable upside considering equity valuations and forecast earnings growth. PCJ's strategic direction continues to favour economically sensitive industry groups.

The small-cap portion of the portfolio returned -5.0% during the first six months of 2011 versus the benchmark (TSX SmallCap Index) return of -4.3% over the same period.

### Global Equities

According to EAFE equity manager Newstar, global equity markets were impacted by several macro events that led to softening global growth and lower investor confidence. Performance across the Eurozone countries was diverse and included both the best and worst performing markets globally: Ireland, Germany and France ranked at the top while Greece, Denmark and Finland were the laggards.

The size of the country level exposures within the Portfolio continued to be reduced. The underweight in Germany was reduced because of its improving basket level momentum which was reflected in the Portfolio through new positions in health care company Bayer AG as well as an increase in Deutsche Telekom AG. In Japan, country level macroeconomic signals improved as many companies were successful at restoring production much earlier than anticipated and the underweight in Japan was cut in half.

Meanwhile, because of weakening basket level earnings signals, the underweight in Switzerland was increased with the sale of insurer Zurich Financial Services AG. At the sector level, the portfolio shifted away from cyclical stocks as the exposures to energy, materials, industrials and technology were all reduced. Within the energy sector, Norwegian Statoil ASA, Italian Eni SpA and British Petroleum plc were all exited. The proceeds were re-invested mostly in the health care, telecom and consumer staples sectors. The largest purchase in the health care sector was in French pharmaceutical company Sanofi SA.

For the six-month period ending June 30, 2011, the EAFE Foreign equity portion of the portfolio underperformed its benchmark, returning -1.6% to the benchmark (MSCI EAFE index) return of 2.3%.

In the United States and for the six-month period ending June 30, 2011, Gyrus underperformed the S&P 500 Index. The U.S. equity portion of the portfolio returned 1.6% against the benchmark's 3.0%.

According to Gyrus, the S&P 500 was flat during the second quarter. Clearly this continues to be a substandard recovery in the U.S. economy. U.S. GDP in the first quarter came in at 1.9% and economists are expecting it to remain at that level for Q2. Many economic indicators are moderating as well, including the oft-watched ISM Manufacturing Index. While it has remained above an economic expansion level of 50 since August 2009 the Index has fallen lower from earlier this year. Gyrus continues to believe that a moderate growth trajectory is the most likely scenario as inflation remains low and central banks will keep interest rates low to stimulate growth.

Employment growth is the key to the sustainability of the recovery. Recent weak employment data can be explained by supply chain issues arising from Japan, severe weather in Q1, and uncertainty engendered by the sovereign debt crisis in Europe. Markets globally have been responding to the continuing debt issues in Europe. Some budget austerity actions were taken by the Greek government but it is unlikely to be sufficient

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to solve the problem. The day of reckoning has merely been postponed as Greece, Ireland, and probably Portugal will have to restructure their debt. In contrast, American companies continue to post strong earnings that will add to their already healthy balance sheets. Capital management through dividend increases and share buybacks with selective mergers and acquisitions activity should provide continued support to the market.

Health care and utilities sectors had strong quarters while financials and energy lagged behind. During the second quarter, the Portfolio initiated a position in Transocean Ltd. and sold Hewlett Packard Company. The CCLPC approach for the U.S. equity portion of the Portfolio is to maintain value characteristics that are similar to the S&P 500 while exhibiting superior growth metrics and remaining sector neutral.

### Fixed Income

On the core bond side, CCLIM believes that the global economy hit a significant soft patch during the second quarter of 2011 as the effects from the Japanese supply-chain disruption, the resurrection of the European sovereign debt crisis, and severe weather all negatively impacted the pace of growth. Weaker-than-expected economic growth and European debt concerns caused longer-term yields to approach their previous lows. In the U.S., growth moderated as strong business spending was mitigated by the headwind created by rising food and energy prices and a loss of momentum in job creation. Canada fared better with strong business spending and strong employment growth despite pressure from an appreciating Canadian dollar.

Looking ahead, CCLIM expects that economic growth in North America will re-accelerate resulting in a moderately positive economic outlook for the remainder of 2011. While many positive factors support this outlook, CCLIM expects that the influence of monetary tightening in emerging markets to control inflation will most likely keep a lid on the pace of overall global growth. A confluence of external factors, such as the risk of contagion from the European debt situation or the possible resolution to the U.S. debt ceiling problem, could also lead to heightened market volatility in the near term.

For the six-month period ending June 30, 2011, the core bond portfolio outperformed its benchmark DEX Universe Bond Index. The portfolio returned 2.9% for the period while the benchmark returned 2.2%.

Exposure to high-yield bonds was added to the portfolio in March. With respect to high-yield bonds, CCLIM felt that weakness in the pace of the global economic recovery and European debt concerns reversed the positive investor sentiment towards credit that had prevailed since last summer. While this produced a positive outcome for government bonds in North America and many other countries as yields declined considerably, it had the opposite effect on the high yield market where credit spreads widened. The widening then intensified driven by increased supply caused by investors exiting the marketplace.

Despite all this recent pressure in the high yield market, overall rates remained near historic lows. Issuers were more timid during the quarter, especially in the U.S. where the overall issuance level declined considerably, especially in June. The situation was similar in Canada where new issues were also light. Heightened volatility should continue for at least the near term as several headwinds such as European sovereign debt woes and the U.S. debt ceiling situation may persist. However, CCLIM continues to be optimistic about the high yield market, where current elevated yields have become increasingly attractive.

Between March 2, 2011 (when high-yield bond exposure was introduced) and June 30, 2011, investments in high-yield bonds returned 1.0%. The benchmark (DEX Universe Bond Index) returned 2.4% over the same period.

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### Recent Developments

The second quarter of 2011 was marked by an equity market selloff and volatility relating to economic news releases and the bond markets rallying as investors shifted to safe haven investments. After a good first quarter despite the soaring commodity prices, deteriorating disposable incomes, and the Japanese disasters of March, global equity markets were not able to hold onto their gains in the latest quarter.

While energy and agricultural prices have eased lower since April, there remain several headwinds that will challenge the momentum of this economic recovery. The residual effect of the supply chain disruptions from Japan persists. The Chinese government raising interest rates in an attempt to rein in inflation will be a threat to global growth in the world's second largest economy. The sovereign debt crisis in Europe has flared up again after it had been simmering since the bailout package Greece received last year from the European Union and International Monetary Fund. The U.S. economy remained fragile and growth has entered a 'soft patch'. The S&P/TSX Composite fell 5.1% during the second quarter and nearly gave back all that it had gained in the first quarter of 2011. Had it not been for a strong rally during the last week of June, the S&P 500 would have been in negative territory for the quarter as well.

Challenges in the equity markets proved to be positive for both government bonds and gold bullion. Yields on both sides of the border declined to their recent lows seen in the second half of 2010 and the overall Canadian bond market returned 2.5% in the second quarter of 2011. Gold prices rallied to a new record high during the second quarter due to its safe-haven characteristics. Exposure to high-yield bonds was introduced to the Portfolio in the first quarter of the year.

Regarding the operations of the Portfolio, a number of changes are proposed. Firstly, subject to approval of the Independent Review Committee, CC&L MPI will be replaced by CCLPC as the Portfolio's manager. If approved, the change of manager will take effect October 1, 2011. Secondly, CC&L MPI also intends to seek the approval of unitholders to change the basis of the calculation of how expenses are charged to the Portfolio by removing for all series the cap on the aggregate of the management fees and ordinary operating expenses. In addition, CC&L MPI will seek the approval of Series I unitholders to have Series I commence to bear its proportionate share of the ordinary operating expenses in the Portfolio rather than the manager. The unitholder meetings are expected to be held on or about September 15, 2011 and, if approved, the foregoing changes are expected to be implemented on or about October 1, 2011.

Effective July 15, 2011, the Portfolio has ceased to offer units of the PI Financial Series.

### Related Party Transactions

CC&L MPI is affiliated with Connor, Clark & Lunn Financial Group. As disclosed in the prospectus and annual information form, all of the portfolio managers we have employed are also affiliated with Connor, Clark & Lunn Financial Group. In the six months ended June 30, 2011, no additions or deletions were made to portfolio managers providing services to the Portfolio.

CC&L MPI receives management fees with respect to the day-to-day business and operations of the Portfolio, calculated based on the net asset value of each respective series of units of the Portfolio, as described in the section entitled "Management Fees". These management fees are charged in the normal course of business and are measured at their exchange amount, which approximates that of an arm's length transaction.

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### **Recommendations or reports by the Independent Review Committee**

The Independent Review Committee tabled no special reports and made no reportable material recommendations to the manager of the Portfolio in the six months ending June 30, 2011.

### **Caution regarding forward-looking statements**

The analysis in the document includes forward looking statements. The use of any of the words anticipate, may, will, expect, estimate, should, believe and similar expressions are intended to identify forward-looking statements. Such statements reflect the opinion of CC&L MPI and the Portfolio's portfolio managers regarding factors that might be reasonably expected to affect the performance and the distributions on units of the Portfolio, and are based on information available at the time of writing. CC&L MPI believes that the expectations reflected in these forward-looking statements and in the analysis are reasonable, but no assurance can be given that these expectations or the analysis will prove to be correct and accordingly they should not be unduly relied on. These statements speak only as of the date of this report. Actual events and outcomes may differ materially from those described in these forward-looking statements or analysis.

## Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance since inception. This information is derived from the Portfolio's unaudited semi-annual financial statements dated June 30, 2011 and previous audited financial statements dated December 31 of the years indicated below.

### Financial Highlights:

Series A	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
<b>Net Assets, beginning of year<sup>(1)</sup></b>	<b>\$9.15</b>	<b>\$8.42</b>	<b>\$7.27</b>	<b>\$10.18</b>	<b>\$10.79</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>						
Total revenues	0.14	0.23	0.26	0.32	0.34	0.38
Total expenses	(0.11)	(0.20)	(0.18)	(0.22)	(0.27)	(0.21)
Realized gains (losses) for the period	0.78	0.34	(0.70)	(0.99)	0.16	(0.03)
Unrealized gains (losses) for the period	(0.96)	0.41	1.94	(1.71)	(0.60)	1.44
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.15)</b>	<b>0.78</b>	<b>1.32</b>	<b>(2.60)</b>	<b>(0.37)</b>	<b>1.58</b>
<b>Distributions:</b>						
From income (excluding dividends) <sup>(3)</sup>	(0.04)	(0.03)	(0.09)	(0.07)	(0.01)	(0.01)
From dividends <sup>(3)</sup>	(0.04)	(0.02)	(0.06)	(0.12)	(0.09)	(0.08)
From capital gains	(0.42)	-	-	-	(0.14)	(0.01)
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>(4)</sup></b>	<b>(0.50)</b>	<b>(0.05)</b>	<b>(0.15)</b>	<b>(0.19)</b>	<b>(0.24)</b>	<b>(0.10)</b>
<b>Net assets, end of period<sup>(1,5)</sup></b>	<b>\$8.57</b>	<b>\$9.15</b>	<b>\$8.42</b>	<b>\$7.27</b>	<b>\$10.18</b>	<b>\$10.79</b>

Series A inception date: February 1, 2006

Series F	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
<b>Net Assets, beginning of year<sup>(1)</sup></b>	<b>\$8.37</b>	<b>\$7.68</b>	<b>\$6.55</b>	<b>\$9.11</b>	<b>\$10.00</b>	<b>-</b>
<b>Increase (decrease) from operations:</b>						
Total revenues	0.13	0.21	0.23	0.28	0.24	-
Total expenses	(0.06)	(0.10)	(0.10)	(0.11)	(0.08)	-
Realized gains (losses) for the period	0.72	0.32	(0.77)	(1.29)	(0.08)	-
Unrealized gains (losses) for the period	(0.91)	(0.17)	1.63	(2.30)	(0.93)	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.12)</b>	<b>0.60</b>	<b>0.99</b>	<b>(3.42)</b>	<b>(0.85)</b>	<b>-</b>
<b>Distributions:</b>						
From income (excluding dividends) <sup>(3)</sup>	(0.05)	(0.06)	(0.07)	(0.07)	(0.01)	-
From dividends <sup>(3)</sup>	(0.06)	(0.04)	(0.05)	(0.12)	(0.08)	-
From capital gains	(0.39)	-	-	-	(0.12)	-
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>(4)</sup></b>	<b>(0.50)</b>	<b>(0.10)</b>	<b>(0.12)</b>	<b>(0.19)</b>	<b>(0.21)</b>	<b>-</b>
<b>Net assets, end of period<sup>(1,5)</sup></b>	<b>\$7.84</b>	<b>\$8.37</b>	<b>\$7.68</b>	<b>\$6.55</b>	<b>\$9.11</b>	<b>-</b>

Series F inception date: June 5, 2007

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Series O	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
<b>Net Assets, beginning of year<sup>(1)</sup></b>	<b>\$8.46</b>	<b>\$7.77</b>	<b>\$6.65</b>	<b>\$9.22</b>	<b>\$10.00</b>	-
<b>Increase (decrease) from operations:</b>						
Total revenues	0.13	0.21	0.23	0.29	0.31	-
Total expenses	(0.06)	(0.11)	(0.10)	(0.12)	(0.12)	-
Realized gains (losses) for the period	0.70	0.31	(0.61)	(0.95)	-	-
Unrealized gains (losses) for the period	(0.82)	0.43	1.75	(1.63)	(1.03)	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.05)</b>	<b>0.84</b>	<b>1.28</b>	<b>(2.42)</b>	<b>(0.84)</b>	-
<b>Distributions:</b>						
From income (excluding dividends) <sup>(3)</sup>	(0.05)	(0.07)	(0.08)	(0.07)	(0.01)	-
From dividends <sup>(3)</sup>	(0.06)	(0.05)	(0.06)	(0.12)	(0.07)	-
From capital gains	(0.39)	-	-	-	(0.13)	-
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>(4)</sup></b>	<b>(0.50)</b>	<b>(0.12)</b>	<b>(0.14)</b>	<b>(0.19)</b>	<b>(0.21)</b>	-
<b>Net assets, end of period<sup>(1,5)</sup></b>	<b>7.92</b>	<b>\$8.46</b>	<b>\$7.77</b>	<b>\$6.65</b>	<b>\$9.22</b>	-

Series O inception date: February 19, 2007

Arbour Series	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
<b>Net Assets, beginning of year<sup>(1)</sup></b>	<b>\$8.75</b>	<b>\$8.06</b>	<b>\$6.99</b>	<b>\$9.79</b>	<b>\$10.41</b>	<b>\$10.01</b>
<b>Increase (decrease) from operations:</b>						
Total revenues	0.14	0.22	0.24	0.31	0.33	0.19
Total expenses	(0.12)	(0.22)	(0.20)	(0.24)	(0.28)	(0.15)
Realized gains (losses) for the period	0.75	0.33	(0.56)	(0.91)	0.13	(0.21)
Unrealized gains (losses) for the period	(0.90)	0.35	1.77	(1.47)	(0.70)	0.65
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.13)</b>	<b>0.68</b>	<b>1.26</b>	<b>(2.31)</b>	<b>(0.52)</b>	<b>0.48</b>
<b>Distributions:</b>						
From income (excluding dividends) <sup>(3)</sup>	(0.03)	(0.02)	(0.09)	(0.07)	(0.01)	(0.01)
From dividends <sup>(3)</sup>	(0.03)	(0.01)	(0.06)	(0.11)	(0.09)	(0.03)
From capital gains	(0.40)	-	-	-	(0.13)	(0.01)
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>(4)</sup></b>	<b>(0.46)</b>	<b>(0.03)</b>	<b>(0.15)</b>	<b>(0.18)</b>	<b>(0.23)</b>	<b>(0.05)</b>
<b>Net assets, end of period<sup>(1,5)</sup></b>	<b>\$8.20</b>	<b>\$8.75</b>	<b>\$8.06</b>	<b>\$6.99</b>	<b>\$9.79</b>	<b>\$10.41</b>

Arbour Series inception date: May 10, 2006

## Financial Highlights

Reserve Series	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
<b>Net Assets, beginning of year<sup>(1)</sup></b>	<b>\$11.95</b>	<b>\$11.02</b>	<b>\$10.00</b>	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenues	0.19	0.29	0.18	-	-	-
Total expenses	(0.16)	(0.31)	(0.16)	-	-	-
Realized gains (losses) for the period	1.01	0.43	0.07	-	-	-
Unrealized gains (losses) for the period	(1.25)	1.03	0.76	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.21)</b>	<b>1.44</b>	<b>0.85</b>	-	-	-
<b>Distributions:</b>						
From income (excluding dividends) <sup>(3)</sup>	(0.04)	(0.02)	(0.07)	-	-	-
From dividends <sup>(3)</sup>	(0.04)	(0.01)	(0.04)	-	-	-
From capital gains	(0.54)	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>(4)</sup></b>	<b>(0.62)</b>	<b>(0.03)</b>	<b>(0.11)</b>	-	-	-
<b>Net assets, end of period<sup>(1,5)</sup></b>	<b>\$11.20</b>	<b>\$11.95</b>	<b>\$11.02</b>	-	-	-

Reserve Series inception date: June 4, 2009

(1) This information is derived from the Portfolio's financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements. This difference is due to use of different pricing methodologies.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) The allocation of distributions between income and dividends is an estimate and may not reflect amounts distributed for tax purposes.

(4) Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

(5) This is not a reconciliation between the opening and the closing net assets per unit.

## Financial Highlights

### Ratios & Supplemental Data:

Series A	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
Net asset value ('000s) <sup>(1)</sup>	\$8,075	\$7,124	\$6,221	\$4,290	\$3,470	\$2,962
Number of units outstanding <sup>(1)</sup>	940,731	778,276	738,857	590,271	340,993	274,424
Average number of units outstanding	851,587	795,142	645,809	374,445	314,820	105,582
Management expense ratio <sup>(2,5)</sup>	2.11%	2.19%	2.18%	2.16%	2.22%	2.19%
Portfolio turnover rate <sup>(3)</sup>	62.48%	133.21%	152.06%	225.73%	169.06%	187.22%
Trading expense ratio <sup>(4)</sup>	0.26%	0.16%	0.20%	0.29%	0.21%	0.34%
Net asset value per unit	\$8.58	\$9.16	\$8.43	\$7.29	\$10.19	\$10.79

Series A inception date: February 1, 2006

Series F	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
Net asset value ('000s) <sup>(1)</sup>	\$759	\$463	\$918	\$1,219	\$126	-
Number of units outstanding <sup>(1)</sup>	96,619	55,341	119,597	184,935	13,885	-
Average number of units outstanding	73,087	107,048	130,502	108,854	11,241	-
Management expense ratio <sup>(2,5)</sup>	1.13%	1.20%	1.18%	1.21%	1.29%	-
Portfolio turnover rate <sup>(3)</sup>	62.48%	133.21%	152.06%	225.73%	169.06%	-
Trading expense ratio <sup>(4)</sup>	0.26%	0.16%	0.20%	0.29%	0.21%	-
Net asset value per unit	\$7.85	\$8.38	\$7.69	\$6.57	\$9.12	-

Series F inception date: June 5, 2007

Series O	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
Net asset value ('000s) <sup>(1)</sup>	\$7,123	\$7,194	\$5,903	\$4,058	\$2,040	-
Number of units outstanding <sup>(1)</sup>	897,810	850,616	759,228	610,593	221,214	-
Average number of units outstanding	866,178	808,886	668,761	514,766	163,701	-
Management expense ratio <sup>(2,5)</sup>	1.14%	1.20%	1.18%	1.21%	1.26%	-
Portfolio turnover rate <sup>(3)</sup>	62.48%	133.21%	152.06%	225.73%	169.06%	-
Trading expense ratio <sup>(4)</sup>	0.26%	0.16%	0.20%	0.29%	0.21%	-
Net asset value per unit	\$7.93	\$8.47	\$7.79	\$6.66	\$9.23	-

Series O inception date: February 19, 2007

Arbour Series	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
Net asset value ('000s) <sup>(1)</sup>	\$582	\$682	\$577	\$239	\$207	\$170
Number of units outstanding <sup>(1)</sup>	70,851	77,910	71,605	34,237	21,089	16,345
Average number of units outstanding	82,310	76,003	49,387	33,281	18,836	16,336
Management expense ratio <sup>(2,5)</sup>	2.45%	2.52%	2.47%	2.46%	2.50%	2.39%
Portfolio turnover rate <sup>(3)</sup>	62.48%	133.21%	152.06%	225.73%	169.06%	187.22%
Trading expense ratio <sup>(4)</sup>	0.26%	0.16%	0.20%	0.29%	0.21%	0.34%
Net asset value per unit	\$8.21	\$8.76	\$8.08	\$7.01	\$9.80	\$10.41

Arbour Series inception date: May 10, 2006

## Financial Highlights

Reserve Series	Jun 30'11	Dec 31'10	Dec 31'09	Dec 31'08	Dec 31'07	Dec31'06
Net asset value ('000s) <sup>(1)</sup>	\$3,356	\$2,494	\$630	-	-	-
Number of units outstanding <sup>(1)</sup>	299,038	208,646	57,204	-	-	-
Average number of units outstanding	247,081	98,176	28,700	-	-	-
Management expense ratio <sup>(2,5)</sup>	2.63%	2.68%	2.58%	-	-	-
Portfolio turnover rate <sup>(3)</sup>	62.48%	133.21%	152.06%	-	-	-
Trading expense ratio <sup>(4)</sup>	0.26%	0.16%	0.21%	-	-	-
Net asset value per unit	\$11.22	\$11.97	\$11.04	-	-	-

Reserve Series inception date: June 4, 2009

(1) This information is provided as at December 31 of the years shown except 2011 which as at June 30.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The Portfolio's portfolio turnover rate indicates how actively the Portfolio's subadvisors manage its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(5) CC&L MPI intends to call a meeting of the Portfolio's unitholders on or around September 15, 2011, to seek their approval to change the basis of the calculation of how expenses are charged to the Portfolio by removing for all series the cap on the aggregate of the management fees and ordinary operating expenses. Had the cap on management fees and ordinary operating expenses been lifted as of January 1, 2011, the management expense ratio (MER) would have been higher than reported above. The 'uncapped' MER of each series would have been as follows: Series A 2.48%, Series F 1.50%, Series O 1.51%, Arbour Series 2.82%, Reserve Series 3.00%.

## Management Fees

The Portfolio pays management fees, which are accrued daily and paid periodically. The management fees are paid in consideration for the provision of, or arranging for the provision of, management, administration, investment advisory services and distribution. The annual management fees vary among the different series depending on the amount of ordinary operating expenses charged to each. The Manager, CC&L MPI, has committed to capping the aggregate of the management fees and ordinary operating expenses at the rates listed in the table below (the “capped rates”) exclusive of the Harmonized Sales Tax (“HST”), all other taxes, interest, brokerage and other portfolio transaction costs.

The capped rates represent the theoretical maximum rate at which management fees can be charged to the Portfolio. In practice management fees can never reach 100% of the capped rates as ordinary operating expenses will always occupy some percentage of the capacity available under the capped rates. The percentage of the capped rates occupied by ordinary operating expenses is expected to decline as the Portfolio increases in size. Operating expenses normally grow more slowly than the Portfolio, thereby becoming less significant relative to the increasing size of the Portfolio.

Series	A	F	I*	O	PI Financial	Reserve	R7	Arbour	Cdn 1st
Capped rates (%)	1.95	1.00	0.00	1.00	1.95	2.40	1.00	2.24	2.34

\*Fees are negotiable and charged outside the Portfolio, but may not exceed 1.00%.

The amount of the capped rates is different from the management expenses ratio (“MER”) of the Portfolio. The MER of a series of the Portfolio is comprised of the total expenses of the series including the HST but excludes brokerage charges and other transaction costs, income taxes and certain unitholder optional fees.

For certain series, part of the management fees paid are used to compensate dealers for services provided in connection with an investment in the Portfolio. Dealer compensation is paid as trailing commissions based on amounts invested in the Portfolio. The table below indicates the percentage of the capped rates that can accrue to the Manager for management, administration and investment advisory services and the percentage at which trailing commissions are paid.

Series	A	F	I*	O	PI Financial	Reserve	R7	Arbour	Cdn 1st
Management, administration and investment advice (%)	51.3	100.0	0.0	100.0	51.3	58.3	100.0	48.7	46.6
Dealer compensation (%)	48.7	0.0	0.0	0.0	48.7	41.7	0.0	51.3	53.4

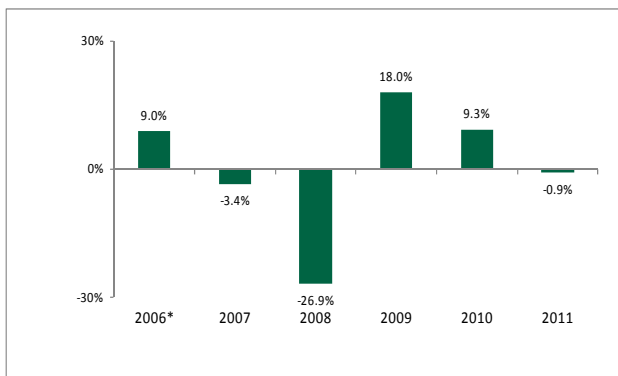
## Past Performance

The performance information shown assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional securities of the Portfolio. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Portfolio has performed in the past does not necessarily indicate how it will perform in the future.

### Year-by-year Returns

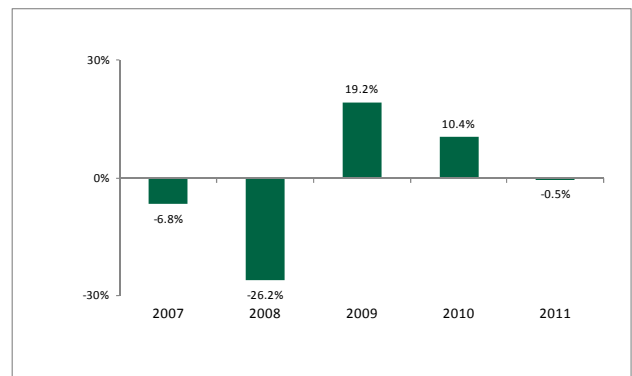
The following bar charts show the investment Portfolio's annual performance for each of the years shown (interim performance for the six months ended June 30, 2011) and illustrate how the Portfolio's performance has changed from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

#### Series A



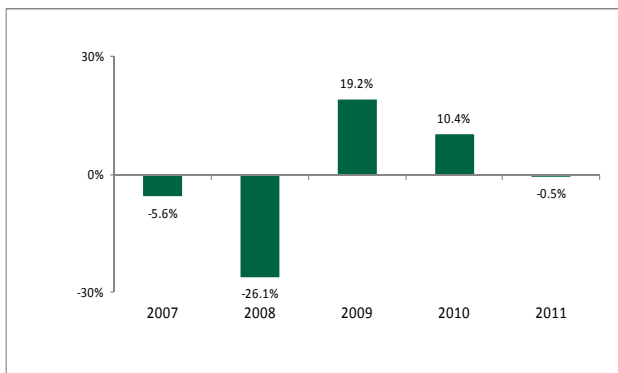
Performance for 2006 represents returns from February 1 to December 31, 2006.

#### Series F



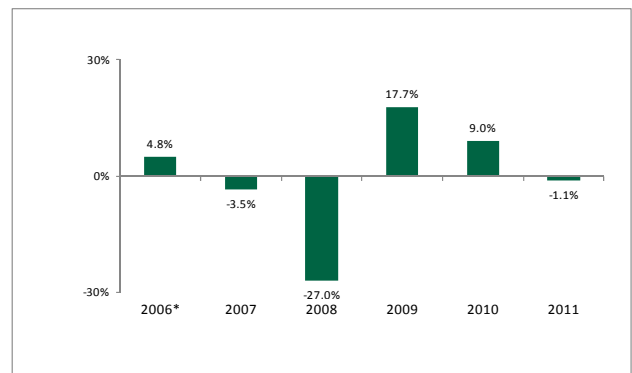
Performance for 2009 represents returns from September 13, 2009 to December 31, 2009.

#### Series O



Performance for 2007 represents returns from April 30 to December 31, 2007.

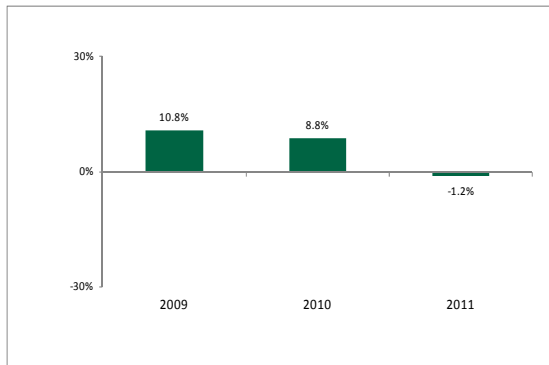
#### Arbour Series



Performance for 2006 represents returns from August 22 to December 31, 2006.

## Past Performance

### Reserve Series



Performance for 2009 represents returns from May 13 to June 30, 2009.

## Summary of Investment Portfolio

Below is a breakdown of the Portfolio's investment holdings as at June 30, 2011. The individual holdings and their relative percentage of the overall portfolio will change between reporting periods as markets change and managers buy and sell individual securities.

<u>Asset Mix</u>	<u>Market Value \$</u>	<u>% of Net Asset Value</u>	<u>Top 25 Investments</u>	<u>Market Value \$</u>	<u>% of Net Asset Value</u>
Canadian content	10,138,267	51.0	1 iShares US High Yield Bond Index Fund (CAD Hedged)*	2,016,449	10.1
Foreign content	9,298,858	46.7	2 Toronto-Dominion Bank	527,890	2.7
Cash and cash equivalents	724,634	3.7	3 Suncor Energy Inc.	461,009	2.3
Other assets (liabilities)	(267,768)	(1.3)	4 Royal Bank of Canada	433,597	2.2
		<u>100.0</u>	5 Bank of Nova Scotia	431,102	2.2
			6 Canadian Natural Resources Ltd.	375,190	1.9
			7 Potash Corp. of Saskatchewan	295,229	1.5
			8 Telus Corp. Non-voting	223,608	1.1
			9 Talisman Energy Inc.	221,971	1.1
			10 Agrium Inc.	213,842	1.1
			11 Manulife Financial Corp.	200,348	1.0
			12 Canadian Imperial Bank of Commerce	186,187	0.9
			13 Enbridge Inc.	158,368	0.8
			14 Exxon Mobil Corp.	147,577	0.7
			15 Canadian Pacific Railway Ltd.	142,603	0.7
			16 EnCana Corp.	140,115	0.7
			17 Apple Computer Inc.	132,174	0.7
			18 Cash	126,316	0.6
			19 Teck Resources Ltd.	125,491	0.6
			20 Barrick Gold Corp.	123,926	0.6
			21 Rio Tinto Ord GBP0.10	119,464	0.6
			22 Magna International Inc. Class A	111,080	0.6
			23 International Business Machines	110,431	0.6
			24 Goldcorp Inc.	110,421	0.6
			25 Rogers Comm Inc. Class B	107,696	0.5
			Top long positions as a percentage of total net asset value		<u>36.4</u>
			Total net asset value	19,893,991	

\*Prospectus and Management Report of Fund Performance available at [www.sedar.com](http://www.sedar.com).

Note: The investments and percentages may have changed by the time you purchase units of this Portfolio. The top 25 holdings are made available quarterly, 60 days after quarter end.